

Exhibit C

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In Re: : Case No. 05-60006
REFCO, INC., et al, :
: One Bowling Green
: New York, NY
Debtors. : February 14, 2006

TRANSCRIPT OF TRIAL
BEFORE THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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Deitz - Cross

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1 Q Let's look at the 2001 audited financial statements. I
2 don't have a Bates number for you but it should be somewhere in
3 that stack I think in reverse chronological order. Do you --
4 this is the consolidated financial statements as of February
5 28, 2001.

6 THE COURT: It's the black binder, right?

7 MR. CLARK: It's my exhibits, my questions, my
8 exhibits.

9 MR. ROSSMAN: Your Honor, my exhibit doesn't have a
10 Bates numbers on it.

11 MR. CLARK: Mine doesn't either.

12 MR. ROSSMAN: Mr. Clark, was it produced?

13 MR. CLARK: Yes, it was but I don't have the Bates
14 stamp ones and if there's any question as to authenticity as
15 we've all agreed we can clear it up during the break.

16 MR. ROSSMAN: Just wanted to know if you got it.

17 BY MR. CLARK:

18 Q So you got the February 2001 financial statements, Mr.
19 Deitz?

20 A Yes.

21 Q You made the point that when you entered into your
22 business arrangements with Refco Capital Markets you understood
23 them to be an unregistered, unregulated Bermuda broker dealer;
24 right? That's what they were.

25 A I said that.

Deitz - Cross

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1 1999 either?

2 A I don't believe they were provided to me.

3 Q So you didn't look at them?

4 A That would be the implication, yes.

5 Q Right. It's easy. I'll ask the question --

6 THE COURT: Come on, Mr. Clark. Please.

7 Q Now, you also -- we'll come back to that. You can put
8 that to one side.

9 You, did you not before you entered into business with
10 Refco Capital Markets that it had an affiliate by the name of
11 Refco Securities LLC; is that true?

12 A We were told that, yes.

13 Q Were you told what that entity was?

14 A We were told that it was a U.S. -- we were told it was a --
15 Refco Securities LLC was a U.S. regulated broker dealer and
16 that Refco Capital Markets was a Bermuda broker dealer non-
17 regulated.

18 Q But you never were told that before you entered into the
19 first contract in a document, were you? You didn't get a piece
20 of paper from somebody that said we're a broker dealer, Refco
21 Capital Markets is a broker dealer? You did not obtain a piece
22 of paper --

23 A I got a securities account from a broker dealer. What can
24 I say?

25 Q Well, you can answer my question.

Deitz - Cross

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1 Q Correct it.

2 A It's on the record. I think we've seen it. There's a
3 customer agreement, a single customer agreement which a tri-
4 party agreement. You -- that it's two separate agreements but
5 I think it's actually one agreement.

6 Q I'm not trying to -- anything. I'm trying to understand.

7 Did you open an account -- let us go to your -- did you open an
8 account at Refco LLC?

9 A Refco LLC, I believe so.

10 Q What -- for edification, what did you understand Refco LLC
11 to be when you opened that account?

12 A It was a futures commission [inaudible].

13 Q Registered and regulated as such?

14 A Yes.

15 Q Now, Refco Securities, part of this tri-part agreement
16 when you entered into this agreement in September 2001, you
17 understood that Refco Securities was what?

18 A It was a U.S. broker dealer.

19 Q Registered, regulated?

20 A Yes.

21 Q And then RCM, you understood, wasn't an U.S. registered or
22 regulated broker dealer when you entered into the agreement;
23 right?

24 A I think --

25 Q Right?

Deitz - Cross

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1 A Yes.

2 Q And your understanding of Refco Capital Markets in that
3 regard never changed, did -- you always understood it to be an
4 unregulated unregistered entity; right?

5 A Correct.

6 Q Now, you said that prior to coming to Refco you had used
7 Bank of Bermuda for clearing settlement custody services;
8 right?

9 A Correct.

10 Q You wanted to change because Bank of Bermuda didn't
11 provide satisfactory services; is that fair?

12 A We were unsatisfied with the level of services we were
13 getting.

14 Q Among other things you said, I believe, that there were
15 numerous settlement failures in your transactions with Bank of
16 Bermuda; correct?

17 A When I say settlement failures, I did say that and let me
18 explain what I --

19 Q That's my next question. Tell me what they have.

20 A I'd be happy to do so. When I say settlement failure what
21 I mean for instance an instruction wasn't put in on time. So
22 that a security -- if I traded with Merrill Lynch and it was
23 supposed to settle into my Bank of Bermuda account if that
24 instruction wasn't put into the Euroclear system from Bank of
25 Bermuda's side then the transaction would fail and then we